

TITLE: Notes on the Early DCIs

AUTHOR: William Henhoeffter and James Hanrahan

VOLUME: 33 ISSUE: Spring YEAR: 1989

# STUDIES IN INTELLIGENCE



A collection of articles on the historical, operational, doctrinal, and theoretical aspects of intelligence.

All statements of fact, opinion or analysis expressed in Studies in Intelligence are those of the authors. They do not necessarily reflect official positions or views of the Central Intelligence Agency or any other US Government entity, past or present. Nothing in the contents should be construed as asserting or implying US Government endorsement of an article's factual statements and interpretations.

SECRET

*Souers speaks out*

## NOTES ON THE EARLY DCIs

William Henhoeffter  
James Hanrahan

In 1969, Ludwell Montague, a member of the CIA's Board of National Estimates, interviewed Rear Admiral Sidney W. Souers, the first Director of Central Intelligence (January—June 1946). Montague was gathering material for an official history of General Walter Bedell Smith, the fourth DCI. Montague had come to know Souers well from 1944 to 1950, when Souers successively served as Deputy Chief of Naval Intelligence, DCI, and Executive Secretary of the National Security Council (NSC). As excerpts from the interview reveal, Souers pulled few punches in talking about his predecessor, General William Donovan, Director of the Office of Strategic Services (OSS), and about his own successors as DCI: Lt. General Hoyt Vandenberg (June 1946—May 1947), Rear Admiral Roscoe Hillenkoetter (May 1947—October 1950), Smith (October 1950—February 1953), and Allen Dulles (February 1953—November 1961).

## Montague's Background

As a colonel in Army Intelligence during World War II, Montague served as Executive Secretary of the Joint Intelligence Committee (JIC). The committee was subordinate to the Joint Chiefs of Staff (JCS), and it was composed of representatives of the intelligence components of the armed services, the Department of State, the Foreign Economic Administration, and the OSS. Montague opposed Donovan's 1944 proposal for a postwar Central Intelligence Agency; he claimed that a plan that he himself worked on in his JIC capacity—JIC 239/5, mentioned in the interview—was the basis for the Central Intelligence Group (CIG) established in 1946 and, by extension, for the CIA itself. Others have judged that the CIA embodies the fulfillment of Donovan's proposal and the discarding of JIC 239/5.

After a brief postwar tour at the Department of State, Montague headed the CIG's Central Reports Staff, which produced a Daily Summary of Intelligence and a weekly wrapup for President Truman. When the CIA replaced the CIG, Montague helped set up the Office of National Estimates. He served as a member of the Board of National Estimates until his retirement in 1971.

## Setting the Stage

Before responding to Montague's specific questions, Souers reminisced about his career and about the bureaucratic politics surrounding the creation of the CIA. Montague's reconstruction of Souer's wide-ranging remarks, which follows, paints an interesting picture of postwar power politics in Washington. For the sake of coherence, we have inserted explanatory information at appropriate points in the account.

. . .

Before the war, Souers was a Naval Intelligence reserve officer. Naval Intelligence as he then knew it was chiefly concerned with plant security in the US and with target data on foreign industrial plants. Souers was assigned the task of obtaining target data on certain

SECRET

27

SECRET

DCIs



REAR ADMIRAL SIDNEY W. SOUERS, USNR  
23 JANUARY 1946-10 JUNE 1946



LIEUTENANT GENERAL  
HOYT S. VANDENBERG, USA  
10 JUNE 1946-1 MAY 1947



REAR ADMIRAL  
ROSCOE H. HILLENKOETTER, USN  
1 MAY 1947-7 OCTOBER 1950



GENERAL WALTER BEDELL SMITH, USA  
7 OCTOBER 1950-9 FEBRUARY 1953



THE HONORABLE ALLEN W. DULLES  
26 FEBRUARY 1953-29 NOVEMBER 1961

DCIs

SECRET

chemical plants in Japan from the American industrial engineer who had designed and built them. The man was repelled by the idea. He felt an obligation of honor to his Japanese employers, and he was not disposed to facilitate the destruction of his own creations. Souers got him to talk by putting forward some ignorant suppositions regarding those plants, which moved the engineer to correct Souers' mistakes.

Souers was *not* a Truman crony when he was made DCI. He had been a pillar of the Democratic Party in St. Louis, so that Truman knew who he was, but they had never met. Souers recalls having been appalled when Truman was first nominated for the Senate. His thought was, "I would not hire that man in my business for more than \$250 a month." Souers later became a warm admirer of and confidential adviser to the President.

James Forrestal was Souers' particular friend in official Washington. They became acquainted when Forrestal helped to finance Souers' reorganization of the General American Life Insurance Company. When Forrestal became Secretary of the Navy, he asked Souers to accept a position in the financial administration of the Navy Department, but Souers declined. If there was going to be a war, Souers wanted active service overseas.

Souers became the Director of Intelligence at the headquarters of the Caribbean Sea Frontier in Puerto-Rico, where his chief concern was the protection of naval installations from sabotage. His wife was not allowed to go to Puerto Rico. Lonely and bored, Souers finally invoked Forrestal's friendship in order to escape from Puerto Rico. Thus, he became Deputy Chief of Naval Intelligence in Washington, under Commodore Thomas B. Inglis.

Inglis opposed the 1944 Donovan plan providing for an independent and autocratic DCI, but he favored JIC 239/5, which provided for a CIA under the control of the Secretaries of State, War, and Navy. In September 1945, President Truman instructed Secretary of State James Byrnes to develop a plan for organizing national intelligence. The final version of this plan, which was submitted in December 1945, called for the Secretary of State to occupy the most powerful position.

During the controversy over this plan, Souers prepared for Inglis a paper designed to get the JCS to revive JIC 239/5. Inglis was for the paper, but he hesitated to sign it. Admiral Ernest J. King, the Chief of Naval Operations, was thought to be violently opposed to any sort of CIA. Souers, however, persuaded Inglis that it was his duty to recommend the best solution. To their relief, King passed the proposal on to the JCS without comment. The JCS subsequently recommended the JIC 239/5 solution to the Secretaries of War and Navy, which enabled Forrestal to urge it upon Byrnes and Secretary of War Robert P. Patterson. It was the basis of the President's letter of 22 January 1946 that established a central intelligence service.

Montague mentioned having seen a note from Souers to Commander Clark Clifford, then a White House naval aide, urging that the President be persuaded to adopt the JCS plan in preference to the State Department one and remarking that this advice was disinterested, since Souers would not accept appointment as DCI, even if it were offered him. Souers was eager to get back to his business in St. Louis, but was stuck in Washington because he had promised to stay until the issue was resolved. Forrestal wanted Hillenkoetter to be the first DCI, but Admirals Leahy and Denfeld vetoed Hillenkoetter and insisted on the appointment of Souers. This was not a matter of personal favor, since Leahy subsequently obtained the appointment of Hillenkoetter, who had been his aide at Vichy. It was just that both knew that Souers was familiar with the JIC 239/5 background and that Hillenkoetter was not. In the end, Souers reluctantly accepted the appointment, just to get the CIG started, with the understanding that he would stay for only six months. Souers met Truman for the first time when he went to the White House to help draft the President's letter.

SECRET

29

SECRET

DCIs

On being selected to be DCI, Souers was transferred from the Office of Naval Intelligence to the Office of the Secretary of the Navy. He and Inglis were made rear admirals on the same day.

Truman regarded the CIG (and the CIA) as his personal intelligence service. Its job was to keep him personally well informed of all that was going on in the outside world. That is why there was so much pressure to have US operational information, as well as foreign intelligence, in the CIG Daily Summary.

From the first, Souers was looking for a long-term successor. The Intelligence Advisory Board (IAB), which advised the CIG, contained some candidates. Its regular members were the heads of the intelligence services of State, War, Navy, and the Air Force. Initially, these were Colonel Alfred McCormack of State, Lt. General Vandenberg of Army (G-2), Rear Admiral Inglis of Navy (ONI), and Brig. General George C. McDonald of Air Force (A-2). Occasionally, when invited by the DCI, the Director of the FBI or his representative attended IAB meetings.

Vandenberg seemed a better candidate than Inglis because he was the nephew of Arthur Vandenberg, a prominent Republican Senator. The Senator's support for legislation to establish the CIA was especially desired, in order to keep it from becoming a party issue. But Gen. Vandenberg's ambition was to become Chief of Staff of the Air Force. Souers asked him if he thought that he would be made Chief of Staff just because he was handsome. Obviously, the best way to make himself personally known to the President and the prospective Secretary of Defense would be to serve in their presence as DCI. That persuaded Vandenberg to accept the Directorship. He had no long-term interest in the CIA, but Souers was himself past caring about that in his impatience to get back to St. Louis.

Inglis was opposed to Vandenberg and Hillenkoetter. He evidently did indeed want a CIA but only as a common service agency under IAB's control.

Souers was never a member of the White House Staff. As DCI, he was a naval reserve officer on active duty in the Office of the Secretary of the Navy. On being relieved as DCI, he was relieved from active duty and was enrolled as a White House consultant, but he never functioned in that capacity. He had no further contact with the White House, until he was called back to be Executive Secretary of the NSC in September 1947.

The National Security Act of 1947 described the Secretary of Defense as "the principal assistant to the President in all matters relating to the national security." That sentence was intended to give the Secretary of Defense a status superior to that of the members of the JCS, who had been insisting that they were the President's principal advisers in relation to such matters, as they indeed had been from 1942 to 1947. Forrestal interpreted this sentence to mean that he was, in effect, Deputy President for National Security. He regarded the NSC as a coordinating mechanism subordinate to his prerogative as "Deputy President" and the Executive Secretary and the DCI as his personal agents. He demanded that Souers and Hillenkoetter establish their offices in the Pentagon next to his. They demurred, but Forrestal insisted. Thereupon, they practiced a small deception on him. They had a one room in the Pentagon, not too near to Forrestal's office, in which they kept one girl with two telephones and two squawk boxes. If Forrestal called one of them, the girl said that he was out at the moment. She then called him at his real office, and he returned Forrestal's call. Souers kept a car and driver constantly ready. If summoned to Forrestal's office, he could get there almost as quickly as, say, the Secretary of the Air Force could from within the Pentagon. Presumably, Hillenkoetter did the same thing.

Eight months after Hillenkoetter took office as DCI and only five months after the passage of the National Security Act, the NSC set up a Survey Group to examine the CIA and "national

DCIs

SECRET

organization for intelligence." The Survey Group, which was composed of Chairman Allen Dulles, William H. Jackson, and Matthias F. Correa, submitted its findings to the NSC on 1 January 1949. It proposed a substantial reorganization of the CIA and greater leadership for the CIA over the rest of the intelligence community.

#### Specific Questions Answered By Souers

Why was the Survey Group set up? Was the NSC aware of some problem with regard to the CIA?

The NSC as a whole was unaware of any problem with the CIA. Forrestal certainly was aware of tension between Hillenkoetter and Inglis, but he thought that he had resolved that by directing Inglis to support Hillenkoetter. He did not realize that there was any particular problem requiring investigation. The origin of the Survey Group was actually quite casual. Souers reminded Forrestal that the NSC was supposed to supervise the CIA. Forrestal said that the NSC had no time for that and that Souers should do it as Executive Secretary. Souers replied that he had no such authority. Moreover, if he had wanted to supervise the CIA, he would still be DCI. They agreed to set up an independent, outside group to keep check on the CIA from time to time for the NSC. They did not anticipate such a devastating report as that which the Survey Group eventually rendered.

Who chose Allen Dulles to head the Survey Group?

Forrestal did. He chose all three members of the Group. Souers would not have chosen Dulles, whom he identified with the OSS, a bad model for the CIA. Donovan had been arrogant and arbitrary; he had misled the President by sending him unevaluated information. Dulles was a member of Governor Thomas Dewey's entourage, and he had been coaching Dewey to attack the CIA. That was mainly about Hillenkoetter's performance in relation to the riots in Bogota, Colombia, in April 1948 that disrupted the conference preparing the charter for the OAS. The CIA was blamed for failing to predict the riots, but Hillenkoetter maintained that State had ignored the CIA's warning. Dulles had also been receiving complaints against Hillenkoetter and the men surrounding him from former colleagues in the clandestine services. Thus, there may have been some thought of neutralizing these attacks by putting Dulles in charge of an official investigation of the CIA. But the main consideration was that Dulles was personally known to Forrestal, who was impressed by his reputation as a clandestine operator in Switzerland during the war.

What about W. H. Jackson? Was the NSC aware that he was the originator of the "board of directors" concept that Inglis advocated in his war on Hillenkoetter?

Forrestal also picked Jackson. The choice had no doctrinal significance. It was just that Forrestal knew Jackson personally, and deemed him to be knowledgeable about intelligence, particularly about the British system.

Why Correa? He seems to have done nothing much, concerning himself only with counterintelligence and relations with the FBI.

Correa had had some counterintelligence experience, but, as in the cases of Dulles and Jackson, the main reason for this appointment was that Forrestal knew him personally and deemed him knowledgeable. He had been Forrestal's favorite aide, and he had been designated to work with Souers to defeat the State Department plan and to promote the "Navy plan," which was actually JIC 239/5.

SECRET

31

SECRET

DCIs

Hillenkoetter's response to the Survey Group report implied that Dulles was seeking to destroy Hillenkoetter in order to get his job. Was Dulles ever considered to succeed Hillenkoetter?

Dulles and Jackson were certainly not the disinterested and impartial investigators that they were supposed to be. They were both prejudiced against Hillenkoetter before they began their survey. But the fact remains that Hillenkoetter was a disaster as DCI. He was not qualified to be DCI and should never have been appointed. From the date of the Dulles-Jackson-Correa Report, 1 January 1949, it was generally understood and agreed that Hillenkoetter must go. Many men were considered for appointment to succeed him, but Dulles was never considered, insofar as Souers was aware. Certainly, Souers would never have recommended Dulles to be DCI. Dulles' interest was too narrowly concentrated on clandestine operations. Moreover, he was of the "dictatorial" OSS school.

If it was agreed that Hillenkoetter must go, why did it take 18 months to find a replacement?

Because Truman hated Louis Johnson. In 1948, the Truman campaign was very short of money. Someone persuaded Johnson to help raise contributions by promising him his choice of a cabinet position. Truman knew nothing of that at the time and was outraged when he heard of it, but felt bound by the commitment. Johnson insisted on being made Secretary of Defense. Truman kept Forrestal in office long after everyone knew that he should have been relieved, just to avoid having to appoint Johnson. When Forrestal killed himself, further evasion was impossible.

Secretary of State Dean Acheson refused to suggest a replacement for Hillenkoetter because he considered it inappropriate for him to do so. Johnson proposed Maj. General Joseph T. McNarney, which made good sense. As Deputy to Chief of Staff General George C. Marshall in World War II, McNarney had drafted a directive strengthening the role of the OSS. But Truman would not have McNarney, just because Johnson had proposed him. Johnson proposed a succession of other names, but Truman turned them all down, for the same reason.

Who proposed Bedell Smith, and when?

In early July, Souers told Truman that the outbreak of the Korean War made it imperative to replace Hillenkoetter without further delay. Truman responded by asking how Bedell Smith would do as DCI. Souers does not know who suggested Smith to Truman. Marshall might have, or Averell Harriman. Harriman had a high regard for Smith, because Smith had made possible Harriman's escape from Moscow, by accepting that ambassadorship when no one else would. But Souers thinks that Truman may have thought of Smith himself. Truman had a high regard for Smith as Ambassador to Moscow and considered that he really understood the Russians. Truman would also have considered that Smith, a general who had been an ambassador, would be acceptable to both State and Defense. It is highly unlikely that his consideration would have gone any deeper than that. Smith was nominated on 18 August 1950.

How was Jackson chosen to be Smith's deputy?

Smith came to Souers and said, "I know nothing whatever about this business and need a deputy who does. Whom would you suggest?" Souers suggested Jackson,



DCIs

SECRET

as the member of the Survey Group who had represented the cooperative approach—as distinguished from Dulles, who was of the “dictatorial” school.

How did Dulles come to be chosen as DDP?

Smith, prompted by Jackson, wanted Dulles to take charge of clandestine operations, for which he was well suited by experience, but feared that Truman would veto the appointment of a Dewey partisan. Souers arranged for Truman to receive Dulles at the White House, after which Truman consented to his appointment as DDP.

What is the story behind Smith's promotion?

When Eisenhower was appointed Supreme Allied Commander in Europe, he asked for Smith to be his Chief of Staff. Truman said no. Smith was indispensable as DCI; besides, the DCI was a more important position than Chief of Staff. So Maj. General Alfred Gruenther was sent to be Eisenhower's Chief of Staff. Later, Eisenhower asked to have Gruenther made a four-star general. Truman was willing, but Souers reminded him of what he had said about the relative importance of being DCI and suggested that Smith also be given four stars. Truman directed the Army to promote Smith as well as Gruenther, but, when the promotion list came out, Smith's name was not on it. Souers brought this to Truman's attention, and Truman refused to promote anybody until Smith was promoted. Souers attributed the omission of Smith's name to the animosity of Omar Bradley, Lucius Clay, and the West Point clique in general toward Smith.

Smith's appointment as Under Secretary of State cleared the way for Dulles to become DCI. Had it been intended from the first that Dulles should succeed Smith?

Smith certainly never had any such intention. He disliked Dulles. He wanted to remain as DCI and hated the idea of going to State, but he was forced to go by President Eisenhower, whose wishes he could not refuse. Smith told Souers that Lucius Clay had persuaded Eisenhower that it would be improper for both the President and the DCI to be military men, which seems a far-fetched idea and a flimsy pretext. There was a great deal more impropriety in appointing a brother of the Secretary of State to be DCI.

Was Smith's appointment as Under Secretary, then, a devious device to make Dulles DCI?

Draw your own conclusions.

SECRET

33